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Ouras's Sleep-Tracking Ring Raises \$100 Million To Move Further Into Personalized Health

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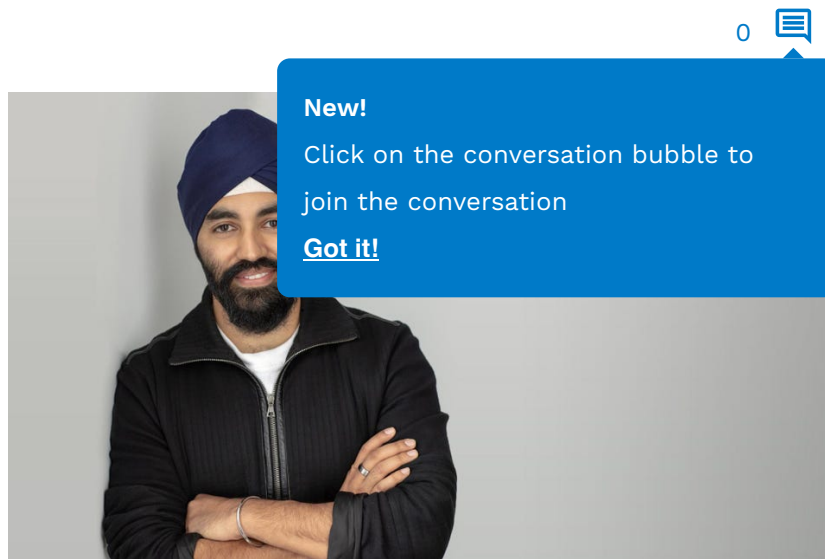
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Oura CEO Harpreet Singh Rai says the pandemic boosted demand for wearable health trackers. OURA

When the WNBA [went into a “bubble”](#) last July to play its full, shortened 2020 season, players, coaches and staff were offered a ring by Finland-founded company Oura. The approximate size of a wedding band, the smart ring could measure heart rate and body temperature, signals of an athlete’s overall health and recovery. And during the Covid-19 pandemic, it offered an added benefit: reassurance that a player wasn’t getting sick.

The women’s basketball athletes were one of several leagues to work with Oura, alongside the NBA, Nascar, UFC and Red Bull Racing in Formula One. But while other wearable

companies have gone to market — and gained buzz — by monitoring activity, Oura, founded in 2013 in Finland and [relying on the crowd-funding site Kickstarter](#) to fund its first product, focused on measuring sleep. “You're going to do it every day, no matter what. 99.9% of people will likely try to sleep tonight,” says Harpreet Singh Rai, Oura’s CEO. “We believe it's perhaps one of the most impactful things to your health that’s being under-looked.”

Today, Oura’s more like a typical high-growth tech business. Singh Rai lives in the San Francisco area, along with about half the company’s staff. Sales of about \$30 million in 2019, per a regulatory filing in Finland, doubled year over year in 2020, Oura says, while achieving (at least temporary) profitability. And its signature smart ring has expanded beyond sleep and into measuring other vital signs.

Investors are now pouring funds into the startup. The latest: a \$100 million Series C funding round led by Temasek, Jazz Venture Partners, The Chernin Group, Bedford Ridge Capital, Japan’s One Capital and Elysian Park, a fund affiliated with the Los Angeles Dodgers baseball team. Existing investors Forerunner Ventures, Square, MSD Capital, Lifeline

Ventures, Metaplanet Holdings, Next Ventures and Salesforce CEO Marc Benioff participated.

The new investment in Oura values the company at \$800 million, according to a source with knowledge of the deal. Word of the funding talks was first reported by [Bloomberg](#).

Singh Rai says Oura plans to invest the new funds in its research and development and product, as well as build out its marketing arm. The company is also open to acquisitions, its CEO says.

Launched out of Finland by founders Kari Kivela, Markku Koskela and Petteri Lahtela, Oura introduced its vision of a sleep-tracking smart ring in 2015, well exceeding its goals on Kickstarter before raising \$5.3 million in first venture capital [in 2016](#). That same year, Oura's rings, originally estimated to ship by the end of 2015, arrived with customers including Singh Rai, an electrical engineering major at the University of Michigan who managed tech investments for a hedge fund. After investing in the business that September and joining its board of directors, Singh Rai became president in May 2017, relocating from New York to San Francisco, then assumed the CEO title the

following year. That year, 2018, Oura shipped its second version of its product.

Oura took more than a year to reach 10 U.S. employees. Today, more than half are based in the country, with headcount increasing over the past year from about 100 to 250. Sales of Oura units, now in their less-bulky second generation, took off over the same period: Oura says it's sold 500,000 units to date, up from 150,000 about a year ago. (The rings start at \$299 and go up from there.)



How an Oura ring looks on a user's finger. The rings start at \$299 and go up sharply from there. OURA

Like many competitors from Apple Watch to Fitbit, Oura doesn't have regulatory approval as a medical device, but markets itself as a crossover between a direct-to-consumer product and the regulated health space. "I don't think wearables can diagnose or treat yet, but the idea

is of an early warning light to go see a medical professional if something is wrong,” says Singh Rai.

To be more than just a tracker, Oura’s consumer app must be able to learn, and set baselines, from the data it collects. Right now it provides three daily scores for wearers: sleep, activity and readiness. Among players in the WNBA, that data helped provide peace of mind that athletes weren’t getting sick last season, says Terri Jackson, executive director of the league’s players association, the WNBPA. For at least one player, that included confirming nothing looked unnatural in the app’s data after a positive Covid test, which later proved a false positive.

Jackson, an avid user, gave Oura rings to herself and her husband for their anniversary before going into the bubble, where she also offered rings to housekeeping, meal preparation and other staff. (She also ensures her son, NBA player Jaren Jackson, Jr., wears his.) According to Jackson, WNBA players embraced the device after confirming that their data would only be accessible to three people, including Jackson, and anonymized. “Once players understood the data that was being shared and who had access to it, they felt more comfortable about it,” she

says. “The players wanted to see sleep information and related recovery data — they were keying in on it.”

Signs of limited recovery can be useful — the WNBPA, for example, has pointed to it to argue for more rest days with the league for its upcoming season — but Oura’s ability to help users act on their data is limited for now. Singh Rai says the company plans to use some of the funding to build out an “insight engine,” which he likens to a “personalized health coach” to improve user’s health. Such artificial intelligence-driven nudges featured heavily in the success of the chronic health management company Livongo, which was acquired by Teladoc Health for \$18.5 billion last year. “We want to validate and prove our research first,” says Singh Rai. “We then want to go ahead and see where the industry goes, and we anticipate it moving more towards medically regulated devices.”

To this end, Oura’s accuracy is being evaluated by independent researchers. Joshua Hagen, an assistant professor and director of the Human Performance Innovation Center at West Virginia University, has spent a decade studying wearables as a way to optimize military and

athletic performance. Hagen tested four commercially available wearables against a clinical grade electrocardiogram, which measures heart rate. This pitted Oura, which sits on a finger, with other devices that were strapped across the chest. “My hypothesis was anything that's not a chest strap was going to be much less accurate,” says Hagen. “Oura was the outlier.” It had the [second highest accuracy](#) among the devices.

Hagen [conducted another study](#) looking at how wearables measure sleep relative to the electrodes that measures brainwaves in a sleep lab. Oura performed well as far as measuring how much time the user spent asleep and awake, though, like all the devices tested, had challenges accurately predicting how much time a user spent within a specific sleep cycle, such as light, deep or REM sleep.

When the Covid-19 pandemic hit, Hagen and his team started looking for clues in user data to predict illness before the person showed symptoms. What his group found is that by retroactively applying an algorithm to Oura user data, they could identify early warning signs three days in advance. That study has yet to be published. A separate team from the University

of California San Francisco is running a study called TemPredict, which published a proof-of-concept study showing Oura and other wearables can [detect the onset of fever](#).

Even with such promising results, Oura faces a stable of competition with its own powerful backers and advocates. Whoop, a Boston-based startup that tracks activity through a wrist device, raised \$100 million at a higher \$1.2 billion valuation last October. And in January, Google [completed a \\$2.1 billion acquisition](#) of Fitbit, which claims to have sold more than 120 million devices to date.

At Forerunner Ventures, which led Oura's \$28 million Series B funding round [last March](#), investor Eurie Kim says that most of Oura's backers are avid users themselves. The "stickiness" of Oura's sleep focus — a daily activity regardless of whether the user is in shape or injured — gives it the potential to outlast competitors, Kim argues. Non-users simply can't fully understand, she adds. "If you changed something in your life, improved your health with Oura, you would understand why this round was an obvious win for all the people that invested, and that it's only the beginning," Kim says.

Oura's CEO says the wearables market is still small, with plenty of room for competitors to coexist. Fitbit adding sleep tracking boosted Oura sales, he claims, instead of hurting them. Over time, Singh Rai expects the entire industry to settle on a few best practices, though, including the combination of hardware with a paid content subscription, much like Peloton, he says: "I think you can think about the future of the wearable industry, including us, the same way."

Correction: This story previously wrote that Oura shipped its rings in 2018; it shipped its second-generation rings that year, and its original product in early 2016.



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